

VZCZCXRO4641
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #2036/01 2060103
ZNR UUUUU ZZH
P 240103Z JUL 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 6040
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 1367
RUEHFK/AMCONSUL FUKUOKA 8993
RUEHOK/AMCONSUL OSAKA KOBE 2723
RUEHNAG/AMCONSUL NAGOYA 7199
RUEHKSO/AMCONSUL SAPPORO 9576
RUEHBJ/AMEMBASSY BEIJING 4507
RUEHUL/AMEMBASSY SEOUL 0497
RUCNDT/USMISSION USUN NEW YORK 0891

UNCLAS SECTION 01 OF 10 TOKYO 002036

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/24/08

Index:

Defense and security affairs:

- 1) Former LDP Secretary General Hidenao Nakagawa speaking at sea-power symposium proposes a "rebuilding" of the U.S.-Japan alliance to allow leadership (Yomiuri)
- 2) Suspicions that a Japanese or foreign submarine rammed a Japanese fishing boat off Chiba: U.S. denies any connection with incident (Tokyo Shimbun)

Informal Six-Party Talks:

- 3) Secretary Rice, in a meeting with Foreign Minister Koumura in Singapore promotes regional security body; Komura wants denuclearization first (Mainichi)
- 4) Japanese, North Korean foreign ministers meet in Singapore, with Koumura making pitch for resolution of abduction issue (Nikkei)
- 5) U.S. pressed by others in informal six-party talks to postpone the removal of the DPRK from the terror list, as Japan reiterates its concerns and doubts (Yomiuri)
- 6) Japan alarmed by mood of progress toward North Korea denuclearization at the informal six-party talks in Singapore (Tokyo Shimbun)

- 7) Government to expand number of refugees to be accepted in Japan (Asahi)

- 8) WTO negotiations might be extended in order to give more time for finding a breakthrough on key issues (Yomiuri)

Political agenda:

- 9) Calls for Diet dissolution either late this year or early next year coming from the ruling camp (Nikkei)

10) LDP election tsar Koga sees coalition winning 180-200 single seats in the next Lower House election (Sankei)

11) Fiscal 2009 tax reform: Ruling parties to postpone hike on consumption tax in order to avoid voter backlash in the next Lower House election (Tokyo Shimbun)

Articles:

1) Nakagawa proposes rebuilding Japan-U.S. alliance at maritime symposium

YOMIURI (Page 2) (Full)
July 24, 2008

The second Japan-U.S. Sea Power Dialogue, a symposium to explore Japan-U.S. cooperation in the development of marine resources and maritime security, was held at a Tokyo hotel on July 22-23 under the auspices of the Ship & Ocean Foundation, Center for New American Security, and Yomiuri Shimbun. In a meeting after the symposium on July 23, former LDP Secretary General Hidenao Nakagawa asserted that the two countries should display strong leadership in resolving maritime issues.

Touching on dropping fish catches and submerging islands due to rising sea levels, Nakagawa said: "Oceans have serious issues that threaten the very existence of mankind. Japan and the United States must demonstrate leadership. Close cooperation in science and technology and the environment in addition to security would help rebuild the Japan-U.S. alliance on the maritime front. China has

TOKYO 00002036 002 OF 010

begun paying attention to the sea. It is important to engage that country in the maritime order we envision."

2) Japan's waters crowded with subs

TOKYO SHIMBUN (Page 24) (Full)
July 24, 2008

Late last month, a Japanese fishing boat capsized and sank off Chiba Prefecture's Cape Inubo. In this incident, the Suwa Maru No. 58, a round haul netter, is rumored to have collided with a submarine. The truth is still unknown. The question, however, is how many submarines and which country's submarines are in the sea around Japan. The Tokyo Shimbun interviewed experts.

Shunji Taoka, a journalist on military affairs, suspects that the Suwa Maru No. 58 might have collided with a submarine. Taoka pointed out this possibility shortly after the incident.

"The waves and winds were normal at that time. One of the Suwa Maru No. 58's crewmen said he felt two shocks to the starboard within several seconds and then leaned to the right. Judging from this account, it's unlikely that the Suwa Maru No. 58 sank in the chopping waves. When we think of this incident in a process of elimination, the most conceivable cause is (colliding with) a submarine."

According to Taoka, the U.S. Navy deploys 27 nuclear-powered submarines in the Pacific Ocean, Russia stages 23 submarines (10 immobile), China has 62 submarines (including 34 old subs), South Korea has 10, and Japan's Maritime Self-Defense Force has 18. "A ship at sea cannot see a submarine," Taoka said. "So," he added, "the submarine must go around them."

A nuclear-powered submarine normally navigates at a depth of about 100 meters but sometimes surfaces to a periscope depth of about 20 meters for radio communication or other reasons. Then, that submarine uses its sonar to check its environs for engine sounds, propeller cavitation, or other situational changes. However, a submarine cannot detect a ship that has stopped its engine like the Suwa Maru No. 58. In this case, the submarine's periscope, for instance, could hit that ship, according to Taoka.

"It's not so unusual for submarines to collide with other ships,"

Taoka said, adding: "There were at least five accidents involving Japanese ships, and there were such accidents in South Korea as well."

Kazuhisa Ogawa, an analyst on military affairs, is cautious about determining what caused the accident. "I didn't see the Suwa Maru No. 58's damage, so I don't know if the Suwa Maru No. 58 collided with a submarine," Ogawa said.

Ogawa added: "Some suspect the Suwa Maru No. 58 might have collided with a submarine. If that is the case, I would say the countries that can operate in the waters where the accident took place are Japan, the United States, China, and Russia."

The MSDF, however, ruled out the possibility of one of its own submarines being involved in the accident. "There's no report of a collision from the submarines that returned to port on or after June 23 (when the Suwa Maru No. 58 sank off Cape Inubo)," the MSDF staff

TOKYO 00002036 003 OF 010

office's public relations division told the Tokyo Shimbun.

Meanwhile, U.S. Naval Forces Japan headquarters gave a similar answer, with its public affairs division stating that no U.S. military submarines were involved in the accident.

Then, the remaining countries are Russia and China. However, Ogawa notes that Russia is not conducting such naval activities at present.

Ogawa is negative about the possibility of China's involvement, saying: "In November 2004, a PLA submarine entered Japan's territorial waters near the Sakishima Islands in Okinawa Prefecture. After that, China's military forces on the front were told not to conduct activities that can be taken as reckless. Moreover, the Beijing Olympics is near at hand. I wonder if they would try to do anything that can be called into question."

Another journalist on military affairs also said: "In the Cold War days, Russia was squaring off with the United States in the sea around Japan. After that, however, the operation rate of their submarines went down. In recent years, it has recovered with economic stability. Even so, I can't think that is likely. China has a large number of submarines and is now going to have a blue-water navy. However, China is focusing on the vicinity of Hainan Island and the Taiwan Strait."

North Korea's submarines are now very old. It is therefore unrealistic for them to operate in the Pacific Ocean. South Korean and Taiwanese submarines also have little reason for coming all the way to Japanese waters, according to the journalist.

At any rate, it is a surprising fact that there are so many submarines around Japan.

3) U.S. proposes developing six-party talks into regional security mechanism; Japan disapproves of idea, saying denuclearization should come first

MAINICHI (Page 2) (Full)
July 24, 2008

Foreign Minister Masahiko Koumura held a meeting with U.S. Secretary of State Condoleezza Rice in Singapore on July 23. Based on progress on North Korea's denuclearization issue, Rice announced a plan to develop the six-party talks into a Northeast Asia security body over the long run, saying, "I would like to discuss the principles of a Northeast Asia peace and security mechanism." Koumura balked at the idea of advancing discussions at a time when the verification of the North's nuclear declaration remains incomplete, saying, "Exchanging views is good, but it is extremely important to monitor progress on the denuclearization process."

Rice's statement that effectively presented the post-six party talks vision before North Korea completely abandons its nuclear programs is likely to have an impact on the future course of the six-party

talks as well. Koumura, on the other hand, effectively made Japan's stance clear that unless the North's denuclearization becomes certain, the six-party talks must not move on to the next stage, including a regional security mechanism.

Koumura, explaining that the North's promised reinvestigation into
TOKYO 00002036 004 OF 010

the abduction issue has yet to take shape, asked Secretary Rice to urge North Korea to make progress in its relations with Japan. In response, Rice simply said: "I will convey the message clearly to North Korea."

4) Brief contact made between Japanese, North Korean foreign ministers; No progress made on abduction issue; Koumura calls for settlement

NIKKEI (Page 2) (Abridged slightly)
July 24, 2008

Singapore

Foreign Minister Masahiko Koumura, meeting briefly with his North Korean counterpart Pak Ui Chun after an informal six-party foreign ministerial on July 23, urged the North to bring progress to the issue of Japanese nationals abducted by North Korea in the past. Nevertheless, with the United States scheduled to officially delist North Korea as a state sponsor of terrorism on August 11, there are no prospects for the resumption of Japan-DPRK talks to break the deadlock regarding the abduction issue.

After the foreign ministerial, Koumura said to Pak, who was sitting next to him: "We would like to move Japan-DPRK relations forward by resolving outstanding issues." In response, Pak simply said: "I see." The conversation ended there without escalating into a penetrating discussion, as was expected by Japan.

In the six-party foreign ministerial, Koumura explained that a reinvestigation into the abduction issue, which was promised by the North in working-level talks in June, has not begun, saying: "We are at the stage of promise for promise. We would like to move on to the stage of action for action early."

U.S. Secretary of State Condoleezza Rice said: "Abduction is a dreadful act. North Korea must clear up the truth through an investigation and take action for the settlement of the issue." Russian Foreign Minister Lavrov, too, indicted the need to settle this humanitarian issue.

Pyongyang seems to have concluded that exhibiting a confrontational stand toward Japan is inadvisable until the United States takes North Korea off its list of terrorism-sponsoring nations.

Nevertheless, China and South Korea have openly expressing dissatisfaction with Japan's policy of not joining energy aid to the North unless there is progress on the abduction issue. The six-party foreign ministerial took place in defiance of Japan's opposition to it. Japan finds itself in a difficult position.

5) Informal Six-Party Talks: U.S. being pressed to reconsider decision to remove North Korea from terrorist-sponsor list; Foreign Minister Koumura makes appeal, but Japan continues to be in difficult position

YOMIURI (Page 3) (Excerpts)
July 24, 2008

An informal meeting of the Six-Party Talks was held in Singapore yesterday, but with the start of verification of North Korea's nuclear declaration having slipped due to North Korea not taking a

TOKYO 00002036 005 OF 010

concrete stance on beginning that process soon, there is growing possibility that doubt will spread about whether the Bush

administration will be able to remove as planned North Korea's name from the list of states sponsoring terrorism. However, if delisting is put off, the talks themselves could stall over North Korea's sharp reaction, so the U.S. seems to be facing an agonizing choice. (Singapore dispatch)

"Well, these are informal talks anyway," said Foreign Minister Koumura as he headed toward the hotel where the talks were being held, stressing a business-as-usual feeling about them. The Japanese government is alarmed that the foreign ministers meeting would be overvalued.

The specific method of verifying North Korea's nuclear declaration has yet to be set, and the way leading to the North's abandoning its nuclear programs remains unclear. At this stage, though, with the holding of the foreign ministers' meeting, the impression being given to the world is that there is progress being made on the North Korea nuclear problem. There is fear that even without any substantive progress, negotiations on such issues as energy assistance will continue at North Korea's pace. In fact, the Japanese government from the start was reluctant to hold the informal talks. There also was concern that the understanding of the participants toward Japan's abduction issue would decline.

The government therefore designated the foreign ministerial as a forum for once more making the appeal to the other countries about the pending issues of nuclear weapons and the abductions, with one senior Foreign Ministry official characterizing it as, "a place to transmit a political message." Foreign Minister Koumura repeatedly stressed two points as crucial: 1) verification of North Korea's nuclear declaration; and 2) resolving pending issues between Japan and the DPRK, including the abduction cases.

The Foreign Minister in referring to Japan-DPRK relations stressed: "We would like to quickly move from the pledge-for-pledge state (based on words) to the action-for-action stage. He appealed to North Korea to implement its pledges, such as the reinvestigation of the abduction issue that has yet to be carried out. With his series of statements, Foreign Minister Koumura aimed at raising alarm bells toward the mood of conciliation toward North Korea in the international community.

6) Six-party talks: Japan alarmed about "progress-has-been-achieved" atmosphere generating; Gap in views of abduction issue highlighted

TOKYO SHIMBUN (Page 2) (Full)
July 24, 2008

Foreign Minister Koumura at an informal meeting of foreign ministers of members of the six-party talks on North Korea's nuclear issue, held on July 23, called for an early verification of that nation's nuclear report. Japan is alarmed that a growing mood of seeing progress on the nuclear issue is spreading, even though specific steps for verification have yet to be set and there is no prospect for North Korea to fulfill its pledge to reinvestigate abduction cases involving Japanese nationals.

Perception gap over abduction issue highlighted

Emerging from the foreign ministerial, Koumura told reporters, "It

TOKYO 00002036 006 OF 010

is necessary to move Japan-North Korea relations, including the abduction issue, forward. The process still remains on the pledge-for-pledge phase. We must move it to an action-for-action stage."

The Japanese government's basic policy is to achieve progress on Japan-North Korea relations, including the abduction issue, as well as on the nuclear arms program issue. The first foreign ministerial has taken place to discuss the nuclear issue. However, North Korea has made no response to Japan's call for reinvestigation into abduction cases.

Among Japanese government officials, there had been views skeptical about the meaning of holding the foreign ministerial from the

beginning, as one senior Foreign Ministry official noted that since a meeting of top envoys to the six-party talks, which serves as a venue for prior coordination, was not held, the foreign ministerial meeting this time is an extra event, where nothing specific would be decided.

Japan has been worried that by holding a foreign ministerial before specific verification procedures have been set, the result would be taken by North Korea as progress on the nuclear issue. If a mood of seeing progress on the nuclear issue spreads widely, other countries could point an accusing finger at Japan for its rejection of extending energy aid to North Korea on the grounds that the abduction issue has yet to be settled.

According to Koumura, some foreign ministers at the ministerial called for progress on Japan-North Korea relations, with U.S. Secretary of State Rice stating that the U.S. strongly supports Japan on the abduction issue.

However, Rice during a Japan-U.S. foreign ministerial meeting held prior to the six nations' foreign ministerial asked Koumura, who had just asked for U.S. mediation, "Does nothing ever occur between Japan and North Korea?" Though Rice has pledged U.S. cooperation, her question gave the impression that a gap in interests over the abduction issue is gradually widening even between Japan and the U.S.

7) Government to expand acceptance of refugees

ASAHI (Page 1) (Slightly abridged)
July 24, 2008

The government has decided to introduce a "third-country settlement system" to accept on a constant basis refugees living in camps in neighboring countries after fleeing overseas from conflict in their own countries. The government will come up with concrete measures, including the number of refugees it will accept, before the end of the year, after relevant ministries and agencies work out the arrangements. If all goes smoothly, Japan will accept about 30 refugees in fiscal 2010. As the first test case in Asia, the new development will likely mark a tuning point for Japan's refugee policy, which has been called "closed" by domestic and international audiences "closed."

Although Japan in 1981 joined the United Nations Convention relating to the Status of Refugees, it has annually accepted only several to several dozen refugees. The United States and European countries, which host large population of refugees, have criticized Japan for

TOKYO 00002036 007 OF 010

not accepting more refugees, while just providing money. In 2007, 14 countries, including the United States and European nations, which have introduced the third-country settlement system, accepted about 75,000 refugees from Burma (Myanmar), Iraq and other countries.

With an eye on the introduction of a third-country settlement system, senior officials from 11 ministries and agencies, including the Justice Ministry, Ministry of Foreign Affairs, and Cabinet Secretariat, will hold a meeting on July 29 to arrange to submit the plan to a cabinet meeting later this year. Several ministries are expected to include expenditures in their budgetary requests for fiscal 2009. They also will work out specifics such as standards for accepting refugees, the number of refugees to be accepted, and training facilities. Reportedly, the possibility is high that Japan will first accept Burmese refugees who are now living in Thailand.

8) WTO talks likely to be extended: Breakthrough to be explored at meeting of small number of countries

YOMIURI (Page 9) (Full)
July 24, 2008

An informal cabinet-level meeting of the multilateral trade liberalization talks (Doha Round) sponsored by the WTO yesterday held a second day of discussions. Many developing countries expressed dissatisfaction with the U.S. plan to cut subsidies for

domestic agriculture. The reaction among industrialized countries to a delay in talks on mined and manufactured products is becoming stronger. As such, the talks, which are scheduled to end on July 26, will most likely be extended.

The U.S. prior to a plenary meeting indicated a compromise plan to cut domestic agricultural subsidies to reduce the upper limit of subsidies to 15 billion dollars a year (approximately 1.6 trillion yen). However, Brazilian Foreign Relations Minister Amorim on the evening of July 22 sought a further cut, noting, "The U.S. has thrown the ball, but the ball has not gone far enough."

In the meantime, industrialized countries blamed developing countries over the mined and manufactured products area. Trade chief Mandelson of the European Union (EU), which is ready to make concessions on cuts in tariffs on farm products, criticized developing countries, saying, "It is clear that cutting tariffs on mined and manufactured products is way behind. If a consensus is to be reached, it is necessary to strike a balance between agriculture and the mining and manufacturing industries."

In an effort to find a breakthrough in the deadlocked situation, a meeting of cabinet ministers from seven major countries, including Japan, the U.S., the EU, India and Brazil, was held on the afternoon of July 23. Agriculture Minister Wakabayashi prior to the meeting said, "My responsibility is heavy." Economy, Trade and Industry Minister Amari noted, "What each country wants to protect is subtly different. However, it is important to ultimately bring back something positive."

Japan's original plan was to have more than 10 PERCENT of all farm products (about 1,300) approved as key items, including rice, sugar, and butter, for which high tariffs can be imposed as exceptions. Wakabayashi made a concession on this in Geneva, saying, "I want to secure at least 8 PERCENT ." However, the dominant view at a meeting on July 22 was that discussions will go nowhere unless the number

TOKYO 00002036 008 OF 010

proposed by the chairman -- between 4 PERCENT and 6 PERCENT -- is adopted. Views calling for the adoption of a tariff cap limiting tariffs on farm products to a designated level are also persistent. Chances are that Japan might be urged to make more concessions at the meeting of cabinet ministers.

9) LDP's Koga, Suga and New Komeito share view that Lower House should be dissolved at year's end or beginning of next year

NIKKEI (Page 2) (Slightly abridged)
July 24, 2008

A series of statements came out of the ruling Liberal Democratic Party (LDP) yesterday on the possibility of dissolution of the House of Representatives at the end of the year or beginning of next year.

Election Strategy Council Chairman Makoto Koga in a speech yesterday in Tokyo stated:

"Our party's life is at stake depending on how we deal with the tax system debate and the budget compilation later this year. I can't think of anything but the beginning of next year as the timing for Lower House dissolution and a snap election."

Election Strategy Council Deputy Chairman Yoshihide Suga said in speech in Fukuoka: "The timing should be the end of this year or the beginning of next year."

Koga revealed his view that the next extraordinary Diet session should be convened in September as usual. He stated:

"There are gaps on views on the law on refueling in the Indian Ocean in the ruling coalition and the public opinion is divided. In a bid to pass a law extension bill through the Diet, we should be cautious about making a decision on the convocation of the extra session."

Secretary General Bunmei Ibuki, however, has called for convening

the extra session in late August.

Koga and Suga share the same view on the timing of Lower House dissolution and convocation of extra session with the New Komeito, the LDP's junior coalition partner.

LDP lawmakers will likely pay attention to the remarks by Koga, one of the four LDP executives, and Suga.

A senior New Komeito member pointed out yesterday:

"Last year, the Maritime Self-Defense Force personnel returned to Japan for three months (when the old Antiterrorism Special Measures Law expired). There will be no problem to extend the refueling law in the next regular Diet session."

The same New Komeito member took a cautious stance toward convening the extra Diet session in late August.

10) LDP's Koga: 180-200 seats to be secured in electoral districts in next Lower House election

SANKEI (Page 5) (Full)
July 24, 2008

TOKYO 00002036 009 OF 010

Liberal Democratic Party (LDP) Election Strategy Council Chairman Makoto Koga in a speech yesterday in Tokyo revealed his view that the next extraordinary Diet session should be convened in September. He stated:

"There are differences in the ruling coalition on enacting an amended Antiterrorism Special Measures Law, and public opinion also is divided. In order to enact a bill by a two-thirds lower chamber overriding vote, we should carefully set the Diet schedule."

Referring to the timing of Lower House dissolution, Koba underscored:

"Our party's life is at stake depending on how we deal with the tax system debate and the budget compilation later this year. After finishing up those tasks, we should then decide on the timing of Lower House dissolution. It is impossible to dissolve the Diet before the end of the year."

Koga also commented on the next Lower House election: "Unless the ruling coalition secures 180 to 200 seats in the electoral district races, it will be difficult for us to hold a majority in the Lower House."

Regarding the possibility of a cabinet shuffle, Koga said: "It might be a good chance to build a new base for the country. The Prime Minister is the person to make the decision on that."

Meanwhile, Election Strategy Council Deputy Chairman Yoshihide Suga said in a speech yesterday in the city of Fukuoka:

"(The Lower House should be dissolved) either at the end of the year or early next year. The Lower House should not be dissolved from the end of June through July next year (since the Tokyo Metropolitan assembly election is scheduled then)."

Suga, commenting of the eight electoral districts in which the LDP has yet to field its candidates, said: "We will be able to decide that by the end of August."

11) Tax code revision for fiscal 2009: Ruling camp decides to put off consumption tax hike to stave off impact on next Lower House election

TOKYO SHIMBUN (Page 1) (Full)
July 24, 2008

The ruling camp on July 23 decided to put off a hike in the consumption tax in revising the tax code for fiscal 2009. The

decision is based on the dominant view that a consumption tax hike at a time when there is only about a year to go until the term of office of members of the Lower House expires would affect the next Lower House election.

A senior official of the Tax System Research Commission of the Liberal Democratic Party (LDP) on the 23rd pointed out, "Considering the impact of a consumption tax hike on the economy, the current situation does not permit such a hike." This official indicated his view that a three-year road map for a consumption tax hike should be mapped out to seek understanding from the public.

TOKYO 00002036 010 OF 010

Yuji Tsushima of the LDP Tax System Research Commission at a subcommittee meeting of the panel on July 23 noted, "Even though a proposed tax hike is good in theory, it could not be implemented smoothly unless the public accepts it." He indicated that it would be difficult to raise the consumption tax at the present stage.

Policy Research Council Chairman Sadakazu Tanigaki, who had made a positive statement for a consumption tax hike, in a speech given in Kitakyushu City on July 18 said that it would be difficult to raise the consumption tax before the Lower House election. He said, "Since the Democratic Party of Japan (DPJ or Minshuto) is bound to oppose our bill raising the consumption tax, it could not be enacted. No measures can be taken on the consumption tax hike issue before the Lower House election."

The consumption tax issue has been the major focal point in the fiscal 2009 tax code revision. However, Prime Minister Fukuda on June 23 had hinted at a possibility of putting off the plan, saying, "I will consider about it from an overall perspective. However, it will be something to be handled in the future."

ZUMWALT